

Portfolio Investment Scheme (PIS) Account for NRI: Complete Guide for 2026

Introduction

For Non-Resident Indians (NRIs), investing in the Indian stock market can be an attractive way to participate in India's growing economy. However, NRIs cannot always use the same investment process as resident Indian investors.

The **Portfolio Investment Scheme (PIS)** is an important framework that enables eligible NRIs to invest in Indian equity markets through designated banking channels, subject to applicable rules and regulations.

In this guide, we will explain what a PIS account is, how it works, who needs it, the account-opening process, charges, taxation considerations, and important points NRIs should know before investing.

What Is a Portfolio Investment Scheme (PIS) Account?

A **Portfolio Investment Scheme (PIS) Account** is a special banking arrangement that allows NRIs to purchase and sell shares of Indian companies through recognized stock exchanges.

Under the PIS framework, the NRI's investment transactions are routed through a designated bank account, allowing the bank to monitor and report eligible transactions according to applicable regulations.

The PIS framework is governed by the Reserve Bank of India (RBI) and works alongside applicable foreign exchange and securities-market regulations.

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How Does a PIS Account Work?

The basic process can be understood as:

NRI → Designated Bank → PIS Account → Stock Broker → Indian Stock Exchange

When an NRI wants to invest in eligible Indian securities:

1. The NRI opens the required NRI banking accounts.
2. The NRI obtains a PIS permission/arrangement through a designated bank, where applicable.
3. The NRI opens an NRI trading and demat account with a broker/depository participant.
4. Funds are transferred through the permitted banking channel.
5. The NRI places eligible buy or sell orders through the broker.
6. The designated bank monitors and reports the transactions as required.
7. Sale proceeds are credited according to the applicable regulatory and banking framework.

Why Do NRIs Need a PIS Account?

The PIS framework provides a regulated mechanism for monitoring certain NRI investments in Indian equities.

It helps facilitate:

- Regulatory reporting
- Transaction monitoring
- Investment-limit compliance
- Proper movement of investment funds
- Compliance with applicable foreign-exchange regulations

However, **not every investment made by an NRI necessarily requires a PIS account.** Requirements can differ depending on the security, investment route and applicable regulations.

Therefore, NRIs should verify the current requirements with their designated bank and financial intermediary before investing.

Who Can Open a PIS Account?

Generally, eligible **Non-Resident Indians (NRIs)** and **Overseas Citizens of India (OCIs)** may invest in eligible Indian securities subject to applicable regulations.

The exact eligibility and permitted investment route depend on factors such as:

- Residential status
- Type of security
- Investment route
- Applicable RBI regulations
- FEMA requirements
- Bank and broker policies

Types of NRI Bank Accounts

NRIs commonly use different types of bank accounts depending on the source and intended use of funds.

1. NRE Account

A **Non-Resident External (NRE) Account** is generally used for holding income earned outside India in India.

Funds in an NRE account are generally repatriable, subject to applicable rules.

2. NRO Account

A **Non-Resident Ordinary (NRO) Account** is commonly used to manage income earned in India, such as rent, pension or other eligible Indian income.

Repatriation from an NRO account is subject to applicable rules and limits.

3. NRI Demat Account

An NRI demat account is used to hold securities purchased by the investor.

Depending on the investment route, an NRI may have different demat arrangements for investments made through repatriable or non-repatriable funds.

PIS vs Non-PIS Account

One of the most common questions among NRIs is the difference between PIS and non-PIS accounts.

Feature	PIS Account	Non-PIS Account
Regulatory route	PIS route	Non-PIS route
Bank monitoring	Required under applicable PIS framework	Different reporting mechanism
Equity investments	Subject to applicable PIS rules	Certain permitted investments can be made
Bank involvement	Higher	Generally simpler
Transaction process	More regulated	Often simpler for permitted investments

The exact requirement depends on the type of investment and the applicable regulations. NRIs should not assume that every stock-market investment requires PIS.

How to Open a PIS Account

The typical process includes the following steps:

Step 1: Choose a Designated Bank

Select a bank authorized to provide PIS-related services to eligible NRI investors.

Step 2: Open the Required NRI Bank Account

Depending on the investment route, the investor may need an NRE or NRO account.

Step 3: Apply for PIS

Submit the required documents and application to the designated bank.

Step 4: Open an NRI Trading Account

An NRI trading account is required to place eligible stock-market orders.

Step 5: Open an NRI Demat Account

The demat account holds the shares purchased by the investor.

Step 6: Link the Accounts

The relevant bank, trading and demat accounts are linked according to the broker and bank's process.

Step 7: Start Investing

Once the required approvals and account setup are complete, the NRI can invest in eligible securities subject to applicable regulations.

Documents Required for a PIS Account

Banks and brokers may request documents such as:

- Passport
- Valid visa or overseas residency document
- PAN card
- Overseas address proof
- Indian address proof, where applicable
- Photograph
- NRI bank-account details
- FATCA/CRS declarations
- KYC documents
- PIS application and related forms

The exact document list can vary between banks and financial institutions.

PIS Account Charges

PIS accounts may involve charges such as:

- Account-opening charges
- Annual maintenance charges
- Bank transaction charges
- Brokerage
- Demat charges
- Securities transaction-related charges
- Applicable taxes and statutory levies

Charges vary between banks and brokers, so investors should compare the complete cost structure before opening an account.

Can NRIs Invest in Indian Stocks Through PIS?

Yes, eligible NRIs can invest in permitted Indian listed securities through the applicable PIS route, subject to regulatory restrictions, investment limits and sector-specific rules.

However, certain securities and investment activities may have restrictions.

Before placing an order, NRIs should check:

- Whether the security is permitted
- Applicable investment limits
- Sectoral restrictions
- Bank requirements
- Broker requirements
- Current RBI and FEMA regulations

PIS Investment Limits

NRI investments in Indian companies are subject to regulatory investment limits.

There may be limits at different levels, including:

- Individual investor level
- Aggregate NRI/OCI level
- Company level
- Sector level

These limits can change based on regulatory decisions. Therefore, investors should check the latest applicable limits before making substantial investments.

Taxation of NRI Investments

Tax treatment for NRIs depends on factors such as:

- Type of investment
- Holding period
- Nature of capital gain
- Applicable tax rules
- Residential status
- Double Taxation Avoidance Agreement (DTAA), where applicable

Capital gains from the sale of listed securities may be subject to applicable short-term or long-term capital-gains taxation.

Dividends and other investment income may also have applicable tax treatment and withholding requirements.

Because tax rules can change, NRIs should consult a qualified tax professional for advice based on their individual circumstances.

PIS Account vs NRE/NRO Account

These accounts serve different purposes.

NRE/NRO Account: Primarily a banking account used to hold and manage eligible funds.

PIS Account: A regulatory banking arrangement associated with eligible NRI investment transactions in Indian securities.

NRI Demat Account: Used to hold securities electronically.

NRI Trading Account: Used to buy and sell eligible securities through a stockbroker.

Understanding the difference between these accounts can make the investment process easier for NRIs.

Advantages of a PIS Account

A PIS arrangement can provide several benefits for eligible NRI investors:

Regulated Investment Route

It provides a structured mechanism for eligible NRI equity investments.

Transaction Monitoring

Transactions can be monitored through the designated banking channel.

Better Compliance

The framework helps investors and intermediaries follow applicable regulatory requirements.

Access to Indian Equity Markets

It facilitates eligible NRI participation in India's listed equity markets.

Limitations of PIS Accounts

There are also some limitations:

- Additional documentation may be required.
- Bank charges may apply.
- Investment restrictions can apply.
- Regulatory compliance is more important.
- Certain securities may not be permitted.
- Taxation can be more complex for NRI investors.

Common Mistakes NRIs Should Avoid

1. Using a Resident Trading Account

NRIs should ensure that their investment accounts correctly reflect their residential status.

2. Ignoring FEMA Requirements

Foreign-exchange regulations can affect how NRIs invest and repatriate funds.

3. Not Checking Investment Restrictions

Not every stock or security necessarily has the same investment conditions.

4. Mixing NRE and NRO Investment Routes

The source of funds and repatriation requirements can differ.

5. Ignoring Tax Obligations

NRIs should understand applicable capital-gains, dividend and withholding-tax requirements.

6. Not Updating KYC

Changes in residential status, address, passport or other information should be updated with the relevant institutions.

Frequently Asked Questions

1. What is a PIS account for NRI?

A PIS account is a designated banking arrangement that facilitates eligible NRI investments in Indian securities through the applicable regulatory framework.

2. Is a PIS account mandatory for every NRI investment?

No. The requirement depends on the type of investment and the applicable regulatory route. NRIs should verify the current requirement with their designated bank or broker.

3. Can an NRI invest in Indian stocks?

Yes. Eligible NRIs can invest in permitted Indian securities subject to applicable RBI, FEMA, SEBI and exchange regulations.

4. What is the difference between PIS and non-PIS?

PIS investments follow the applicable PIS banking and reporting framework, while certain permitted investments can be made through non-PIS routes with different procedures.

5. Can NRI investments be repatriated?

Repatriation depends on the investment route, source of funds, account type and applicable regulations.

6. What documents are required?

Common documents include a passport, PAN, overseas address proof, KYC documents, bank details and applicable declarations. Requirements vary by institution.

7. Does an NRI need a demat account?

Yes, an NRI generally needs an appropriate demat account to hold securities electronically.

8. Is PIS account taxation different for NRIs?

NRI investors can have tax and withholding requirements that differ from those applicable to resident investors. The applicable treatment depends on the investment and current tax rules.

Conclusion

A **Portfolio Investment Scheme (PIS) Account for NRI** provides an important regulated route for eligible NRIs investing in Indian equities. Understanding the difference between PIS, non-PIS, NRE, NRO, trading and demat accounts can help investors choose the appropriate investment structure.

Before investing, NRIs should verify the latest RBI, FEMA, SEBI, income-tax and stock-exchange requirements and consult their designated bank, broker or qualified professional where necessary.

Disclaimer: This article is for educational and informational purposes only and should not be considered investment, tax or legal advice. Regulations, investment limits and tax rules may change. NRIs should verify the latest applicable rules with authorized financial institutions and qualified professionals before making investment decisions.